



State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Emma Forkner
Director

September 7, 2007

Mr. Les Boles
Director
Office of State Budget
1201 Main Street, Suite 870
Columbia, SC 29201

Dear Mr. Boles:

Please find enclosed the Fiscal Year 2008-2009 Budget Plan for the Department of Health and Human Services. Should you have any questions, please contact Mr. William Wells at 803-898-2503.

Sincerely,

Emma Forkner
Director

EK/

Enclosures

FISCAL YEAR 2008-09 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services

B. Statewide Mission:

To manage the Medicaid program to provide the best healthcare value for South Carolinians.

The characteristics by which we will do our jobs at DHHS:

Service – We are dedicated to service; we will place others first.

Excellence – We are committed to constant improvement and we will persevere in achieving quality with efficiency.

Responsive – We will be alert and react quickly to the needs of those we serve; we embrace opportunities to improve our processes.

Value – We will assure that all of our decisions and actions will be measured by the value they return; we guarantee honest and open measurement of outcomes.

Everyone – We are a team; every employee is involved in our success; we believe in servant leadership and empowering employees to solve customer problems; as a team we will encourage and hold each other accountable.

C. Summary Description of Strategic or Long-Term Goals:

(1) To provide a benefit plan that improves member health; is evidenced based, and is market driven.

(2) To provide a credible and continually improving eligibility process that is accurate and efficient.

(3) To provide administrative support at the best possible value to ensure programs operate effectively.

D.

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: Medicaid Maintenance of Effort	0	39,000,000	90,010,916	0	\$129,010,916	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Goal 1 Activity Number & Name: 888- 892, 901-930, 939, 1744 – Medical Services										
Priority No.: 2	Title: Phase 2 of Institute for Mental Disease Transition	0	13,000,000	0	0	\$13,000,000	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Goal 1 Activity Number & Name: 936 – Emotionally Disturbed Children										
Priority No.: 3	Title: Physician Services Fee Schedule Adjustment	0	1,000,000	2,307,972	0	\$3,307,972	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Goal 1 Activity Number & Name: 907 – Physician Services										
Priority No.: 4	Title: 300 New Slots for the Community Choices Waiver	0	1,250,000	2,986,244	0	\$4,236,244	2.5	7.5	0	10.00

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Goal 1 Activity Number & Name: 911 – Community Long Term Care										
Priority No.: 5	Title: Personal Care III and Attendant II	0	500,000	1,153,986	0	\$1,653,986	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Goal 1 Activity Number & Name: 911 – Community Long Term Care										
Priority No.: 6	Title: Heavy Care Pilot Program	0	250,000	576,993	0	\$826,993	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Goal 1 Activity Number & Name: 903 – Nursing Home Services										
TOTAL OF ALL PRIORITIES		\$ 0	\$55,000,000	\$97,036,111	\$ 0	\$152,036,111	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:
State \$ 967,824,984
Federal \$ 3,653,430,437
Other \$ 753,689,143

F. Efficiency Measures:

1. To provide a benefit plan that improves member health, is evidence based, and is market driven.
 1. To establish a baseline index of general health for Medicaid members relative to the general population.
 2. To increase the number of consumer driven, incentive-based medical homes.
 3. To maintain average Medicaid expenditures per person below the growth rate of health care costs nationally.
2. To provide a credible and continually improving eligibility process that is accurate and efficient.
 1. Establish a customer satisfaction survey baseline.
 2. Average processing times – compliance with federal processing guidelines.
 3. Percent accurately processed within federal requirements.
 4. Establish average cost per application baseline.
3. To provide administration support at the best possible value to ensure programs operate effectively.
 1. To realign the workforce to maximize savings while maintaining the percentage of administrative costs to program cost at less than 3%.
 2. To establish an internal customer satisfaction survey baseline.
 3. To provide at least ten examples of substantial savings and/or process improvements as a result of leveraging technology.
 4. To enhance savings by expanding the number of fraud and abuse reviews, audit and compliance reviews.

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$ 0	\$ 0	\$ 0	\$ 0

* If applicable

H. Number of Proviso Changes: 3

I. Signature/Agency Contacts/Telephone Numbers:
Emma Forkner, Director, 898-2504

William Wells, Deputy Director Finance & Administration, 898-2503

II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services

B. Priority No. 1 of 6

C. (1) Title: Medicaid Maintenance of Effort

(2) Summary Description: Non-recurring funding in the FY 2007-2008 budget needs to be replaced with recurring funding in FY 2008-2009 to maintain the current level of Medicaid services. South Carolina's average Medicaid program growth for Fiscal Years 2005-2007 was 2.38%. Growth rates are at an unprecedented low due to a combination of factors including MMA, increase in Coordinated Care, etc. Current trends indicate a return to more normal growth rates.

(3) Strategic Goal/Action Plan (*if applicable*): To provide a benefit plan that improves member health, is evidence based, and is market driven.

D. Budget Program Number and Name: Medicaid Assistance Payments II-3-A-Y.

E. Agency Activity Number and Name: 901 - Hospital Services, 903- Nursing Home Services, 905 - Pharmaceutical Services, 907 - Physician Services, 909 - Dental Services, 911 - Community Long Term Care Services, 923 - Family Planning, 925 & 1744 - Premium Payments, 919 - Transportation Services, 917 - Medical Professional Services, 921 - Lab & X-Ray Services, 913 - Home Health Services, 915 - EPSDT Screenings, 926 - Hospice Care, 928 - Optional State Supplement (OSS), 930 - Integrated Personal Care (IPC), 888 - Clinic Services, 890 - Durable Medical Equipment, 939 - Program for All-Inclusive Care for the Elderly (PACE), and 892 - Coordinated Care.

F. Detailed Justification for Funding

(1) Justification for Funding Increase: National growth rates for Medicaid programs as determined by CMS are expected to increase on average of 7.8% in SFY 09. Based on the assumption that South Carolina's utilization growth can be contained at approximately 6%, DHHS can maintain the current level of benefits with additional recurring state funds of \$39,000,000. This level of funding includes the annual cost of living increase for Nursing Homes. \$3,000,000 in non-recurring funding for Physician reimbursements, \$5,000,000 in non-recurring funding for Outpatient Hospital Rates, and \$250,000 in non-recurring funding for Emergency Medical Transportation Services Rate Increase must also be replaced to maintain current rates. Mandatory rate increases for Medicare premiums for low-income dual eligible's, which cannot be controlled by the state are included in the request. This also includes rate increases for Case Management and Adult Day Health Care for the Community Long Term Care waiver program.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					
(b) Personal Service					
(c) Employer Contributions					
Program/Case Services		\$39,000,000	\$90,010,916		\$129,010,916
Pass-Through Funds					
Other Operating Expenses					
Total		\$39,000,000	\$90,010,916		\$129,010,916
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 967,824,984
Federal	\$ 3,653,430,437
Other	\$ 753,689,143

(4) Is this priority associated with a Capital Budget Priority? _____ No _____ If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					
(b) Personal Service					
(c) Employer Contributions					

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					
(b) Personal Service					
(c) Employer Contributions					

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State 175.88

Federal 338.36

Other 18.76

Agency-wide Vacant FTEs as of July 31, 2007: 112

% Vacant 9.56%

H. Other Comments:

A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services

B. Priority No. 2 of 6

C. (1) Title: Phase 2 of the Institute for Mental Disease (IMD) Transition

(2) Summary Description: Phased in replacement of federal funds which will be lost due to the Centers for Medicare and Medicaid Services (CMS)'s decision to no longer cover mental health services in any institution with over 16 beds.

(3) Strategic Goal/Action Plan (*if applicable*): To provide a benefit plan that improves member health, is evidence based, and is market driven.

D. Budget Program Number and Name: II-A-5 - Emotionally Disturbed Children

E. Agency Activity Number and Name: 936 – Emotionally Disturbed Children

F. Detailed Justification for Funding

(1) Justification for Funding Increase: This funding is to be used to cover the loss of federal participation with state appropriations under a transition plan. This is the second year of the transition period. The Office of the Inspector General (OIG) or Centers for Medicare and Medicaid Services (CMS) has initiated audits of states providing mental health services to children in facilities meeting the IMD definition. South Carolina has not been notified of a pending audit; however, such an audit may be initiated at any time.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					
(b) Personal Service					
(c) Employer Contributions					
Program/Case Services		\$13,000,000			\$13,000,000

Pass-Through Funds					
Other Operating Expenses					
Total		\$13,000,000			\$13,000,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

- (3) Base Appropriation:
State \$ 967,824,984
Federal \$ 3,653,430,437
Other \$ 753,689,143

- (4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

- (2) Justification for New FTEs
(a) Justification:
(b) Future Impact on Operating Expenses or Facility Requirements:

- (2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					
(b) Personal Service					
(c) Employer Contributions					

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					
(b) Personal Service					
(c) Employer Contributions					

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State	175.88
Federal	338.36
Other	18.76

Agency-wide Vacant FTEs as of July 31, 2007: 112
% Vacant 9.56%

H. Other Comments:

A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services

B. Priority No. 3 of 6

D. (1) Title: Physician Services Fee Schedule Adjustment

(2) Summary Description: Adjustment of reimbursement rates.

(3) Strategic Goal/Action Plan (*if applicable*): To provide a benefit plan that improves member health, is evidence based, and is market driven.

D. Budget Program Number and Name: II-A-3-E – Physician Services

E. Agency Activity Number and Name: 907 – Physician Services

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Funding is requested to adjust the reimbursement rates to reflect annual changes made by CMS to the Medicare fee schedule. This update will keep the Medicaid fee schedule current and in line with market based rates. The state plan requires DHHS to reimburse a percentage of Medicare not to exceed 100 percent in the aggregate. J-codes, or physician-administered drugs, are reimbursed based on average wholesale price minus 15 percent (AWP-15%). The request for funding is to adjust the reimbursement for physician administered drugs to a rate that reflects the current cost of acquiring these drugs.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					
(b) Personal Service					
(c) Employer Contributions					
Program/Case Services		\$1,000,000	\$2,307,972		\$3,307,972

Pass-Through Funds					
Other Operating Expenses					
Total		\$1,000,000	\$2,307,972		\$3,307,972
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 967,824,984
Federal \$ 3,653,430,437
Other \$ 753,689,143

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(3) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					
(b) Personal Service					
(c) Employer Contributions					

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					
(b) Personal Service					
(c) Employer Contributions					

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State	175.88
Federal	338.36
Other	18.76

Agency-wide Vacant FTEs as of July 31, 2007: 112

% Vacant 9.56%

H. Other Comments:

A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services

B. Priority No. 4 of 6

E. (1) Title: 300 New Slots for the Community Choices Waiver

(2) Summary Description: Additional slots for the Community Choices Waiver.

(3) Strategic Goal/Action Plan (*if applicable*): To provide a benefit plan that improves member health, is evidence based, and is market driven.

D. Budget Program Number and Name: II-A-3-G – Community Long Term Care

E. Agency Activity Number and Name: 911 – Community Long Term Care

F. Detailed Justification for Funding

(1) Justification for Funding Increase: The demand for home and community-based waiver services continues to grow. Over the last two years, 1,000 slots have been added to the waiver capacity. The addition of these slots, when completely filled, will have the effect of significantly reducing the number of waiting list applicants. However, experience and the demographic trends in the state both indicate that there will be continuing need. For example, as the waiting list shortens, hospital discharge planners are more likely to make referrals to the program, since there is a higher probability of waiver enrollment in the near future.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		2.5	7.5		10.00
(b) Personal Service		\$112,579	\$337,736		\$450,315
(c) Employer Contributions		\$33,774	\$101,321		\$135,095
Program/Case Services		\$1,103,647	\$2,547,187		\$3,650,834

Pass-Through Funds					
Other Operating Expenses					
Total		\$1,250,000	\$2,986,244		\$4,236,244
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 967,824,984
Federal	\$ 3,653,430,437
Other	\$ 753,689,143

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(4) Justification for New FTEs

- (a) Justification: In order to fill these 300 slots and manage the cumulative increase in the workload due to the additional 1000 slots added in the previous two years, this request includes ten FTE registered nurse positions (75/25 match rate).
- (b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Registered Nurse I					
(a) Number of FTEs	1.25	3.75			5.00
(b) Personal Service	\$51,955	\$155,865			\$207,820
(c) Employer Contributions	\$15,587	\$46,759			\$62,346

	State	Federal	Earmarked	Restricted	Total
Position Title: Registered Nurse II					
(a) Number of FTEs	1.25	3.75			5.00
(b) Personal Service	\$60,624	\$181,871			\$242,495
(c) Employer Contributions	\$18,187	\$54,562			\$72,749

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State	175.88
Federal	338.36
Other	18.76

Agency-wide Vacant FTEs as of July 31, 2007: 112
% Vacant 9.56%

H. Other Comments:

A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services

B. Priority No. 5 of 6

F. (1) Title: Personal Care III and Attendant II rate increases.

(2) Summary Description: Development of a higher level of reimbursement for Personal Care and Attendant service.

(3) Strategic Goal/Action Plan (*if applicable*): To provide a benefit plan that improves member health, is evidence based, and is market driven.

D. Budget Program Number and Name: II-A-3-G – Community Long Term Care

E. Agency Activity Number and Name: 911 – Community Long Term Care

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Recent changes in the Nurse Practice Act allows aides and attendants to perform services once regarded as skilled and only available through the services of a licensed nurse. With these changes in the Act, CLTC is developing a higher level of personal care and attendant service. With a physician's approval, these workers will be able to provide services that would have required a licensed nurse. This is a very cost effective means of meeting these needs for waiver participants.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					
(b) Personal Service					
(c) Employer Contributions					
Program/Case Services		\$500,000	\$1,153,986		\$1,653,986
Pass-Through Funds					

Other Operating Expenses					
Total		\$500,000	\$1,153,986		\$1,653,986
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 967,824,984
Federal \$ 3,653,430,437
Other \$ 753,689,143

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(5) Justification for New FTEs

- (a) Justification:
(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State	175.88
Federal	338.36
Other	18.76

Agency-wide Vacant FTEs as of July 31, 2007: 112

% Vacant 9.56%

H. Other Comments:

A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services

B. Priority No. 6 of 6

G. (1) Title: Heavy Care Pilot Program

(2) Summary Description: Increase reimbursement rates.

(3) Strategic Goal/Action Plan (*if applicable*): To provide a benefit plan that improves member health, is evidence based, and is market driven.

D. Budget Program Number and Name: II-A-3-B – Nursing Home Services

E. Agency Activity Number and Name: 903 – Nursing Home Services

F. Detailed Justification for Funding

(1) Justification for Funding Increase: Because of the special medical needs and/or cognitive impairment, some Medicaid recipients are difficult to place in a nursing home. The current level of reimbursement does not cover the extensive outlay and resources the facility must make. This request is to increase the typical reimbursement by \$100 per day for up to 40 recipients at any given time. This should have the effect of reducing unnecessary hospitalizations while facilitating access for these hard to place individuals.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					
(b) Personal Service					
(c) Employer Contributions					
Program/Case Services		\$250,000	\$576,993		\$826,993
Pass-Through Funds					

Other Operating Expenses					
Total		\$250,000	\$576,993		\$826,993
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 967,824,984
Federal \$ 3,653,430,437
Other \$ 753,689,143

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(6) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					
(b) Personal Service					
(c) Employer Contributions					

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					
(b) Personal Service					
(c) Employer Contributions					

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State	175.88
Federal	338.36
Other	18.76

Agency-wide Vacant FTEs as of July 31, 2007: 112

% Vacant 9.56%

H. Other Comments:

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

A. Agency Section/Code/Name:

B. Priority No. ____ of ____

C. Strategic Goal/Action Plan *(if applicable)*:

D. Project Name and Number *(if applicable)*:

E. Agency Activity Number and Name:

F. Description of Priority:

G. Detailed Justification for Funding

(1) Justification for Funding Priority:

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*				\$ 0

** If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. Justification for First Year Additional Future Annual Operating Costs:

(1) Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: _____ Will this fiscal year require a partial or full year's operating funds? _____ If a partial year's funds are required, what portion of the year does it cover? _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs *(If Section H above represents a full year's operating funds, do not complete this section.)*

(1) Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

FY 2008-09 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services

B.

Priority Assessment of Activities – Highest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 901 & 902 – Hospital Services	169,235,599	491,907,056	5,000,000	0	33,193,526	\$ 699,336,181	14.09
Activity Number & Name: 903 & 904 – Nursing Facility Services	139,911,046	330,131,208	0	0	6,371,890	\$ 476,414,144	10.33
Activity Number & Name: 905 & 906 – Pharmaceutical Services	45,245,566	303,986,775	0	0	90,146,515	\$ 439,378,856	5.50
Activity Number & Name: 907 & 908 – Physician Services	104,257,211	256,349,593	3,000,000	0	5,246,576	\$ 368,853,380	12.10
Activity Number & Name: 892 & 893 – Coordinated Care	71,259,672	162,546,778	0	0	76,217	\$ 233,882,667	17.25
TOTAL OF HIGHEST PRIORITIES	\$ 529,909,094	\$ 1,544,921,410	\$ 8,000,000	\$ 0	\$ 135,034,724	\$ 2,217,865,228	59.27

Note: All Medicaid Services are considered a priority but for purposes of this document the top five are listed in descending order based on total funding.

FY 2008-09 ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

- A. Agency Section/Code/Name: Section 21 / J02 / Department of Health and Human Services
- B. Agency Activity Number and Name: 1583 – Regenesiis, 945 – Special Projects (Federally Qualified Community Health Centers, Palmetto Health, and the SC Information Referral Network), 917 – Medical Professional (Chiropractic Services).
- C. Explanation of Lowest Priority Status: Activity numbers 1583 – Regenesiis and 945 – Special Projects (Federally Qualified Community Health Centers, Palmetto Health, and the SC Information Referral Network) are pass through projects not specifically related to Medicaid and are not critical to the agency's core mission. Activity number 917 – Medical Professional (Chiropractic Services) is an optional service covered under the Medicaid benefit package.
- D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0	0	0	0	0	\$ 0
(c) Employer Contributions	0	0	0	0	0	\$ 0
Program/Case Services	358,316	815,722	0	0	0	\$ 1,174,038
Pass-Through Funds	511,000	75,000	1,100,000	0	0	\$ 1,686,000
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$ 869,316	\$ 890,722	\$ 1,100,000	\$ 0	\$ 0	\$ 2,860,038

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*): There is no activity impact for pass through projects. Activity 917 – Medical Professional (Chiropractic Services) is an optional service covered under the Medicaid benefit package with total FY 07 expenditures of \$1,174,038.

F.

Summary of Priority Assessment of Activities – Lowest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 1583 - Regenesi	100,000	0	0	0	0	\$ 100,000	0
Activity Number & Name: 945 – Special Projects – Federally Qualified Community Health Centers	0	0	1,100,000	0	0	\$ 1,100,000	0
Activity Number & Name: 945 – Special Projects – Palmetto Health	75,000	75,000	0	0	0	\$ 150,000	0
Activity Number & Name: 945 – Special Projects – SC Information Referral Network	336,000	0	0	0	0	\$ 336,000	0
Activity Number & Name: 917 – Medical Professional – Chiropractic Services	358,316	815,722	0	0	0	\$ 1,174,038	0
TOTAL OF LOWEST PRIORITIES	\$ 869,316	\$ 890,722	\$ 1,100,000	\$ 0	\$ 0	\$ 2,860,038	0.00